

**Fort Severn First Nation**  
**Consolidated Financial Statements**  
For the year ended March 31, 2019

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## Fort Severn First Nation Management's Responsibility for the Consolidated Financial Statements

March 31, 2019

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The accompanying consolidated financial statements of Fort Severn First Nation are the responsibility of management and have been approved by the Chief and Council.

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

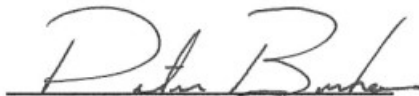
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The external auditors, BDO Canada LLP, conduct an audit, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. BDO Canada LLP have access to financial management of Fort Severn First Nation and meet when required.

On behalf of Fort Severn First Nation:



Chief



Councillor

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## Independent Auditor's Report

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To the Members of Fort Severn First Nation

### Qualified Opinion

We have audited the consolidated financial statements of Fort Severn First Nation, and its subsidiaries (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations and accumulated surplus, changes in net assets (debt) and the cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and the results of its operations, changes in net financial assets and of cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Qualified Opinion

The Significant Accounting Policies describe the tangible capital asset policy with respect to the First Nation's tangible capital assets. For fiscal years commencing on or after January 1, 2009, Section 3150, Tangible Capital Assets, of the Public Sector Accounting Board Handbook requires that capital assets be capitalized and amortized over their estimated useful lives. The First Nation has not fully adopted these recommendations. Although the First Nation has recognized certain tangible capital assets and amortization as of the date of financial statement preparation, the First Nation has not gathered the necessary information to be in a position to recognize and disclose a complete inventory of any of its major classes of tangible capital assets as disclosed in Note 12. As a result, we have been unable to determine whether any adjustments to the amounts recorded are necessary for the years ended March 31, 2019 and 2018.

The First Nation was unable to obtain information about inventory held for resale. Accordingly, verification of inventory held for resale was limited to the amounts recorded in the records of the First Nation. Therefore, we were not able to determine whether any adjustments might be necessary to annual surplus, changes to net debt, and cash flows from operating activities for the year ended March 31, 2019, non-financial assets as at March 31, 2019 and accumulated surplus as at April 1, 2018 and March 31, 2019.

The First Nation was unable to obtain information about Ontario Works expenditures. Accordingly, verification of Ontario works expenditures was limited to the amounts recorded in the records of the First Nation. Therefore, we were not able to determine whether any adjustments might be necessary to annual surplus, changes to net debt, and cash flows from operating activities for the year ended March 31, 2019, financial assets as at March 31, 2019.

Section 1200, Financial Statement Presentation, of Public Sector Accounting Board Handbook requires the disclosure of budgeted information. The First Nation has not prepared or approved consolidated budgets. As a result, we are unable to present budgeted information on the consolidated financial statements for the year ended March 31, 2019.

Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of these limitation in scope.

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## Independent Auditor's Report (cont'd)

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### **Basis for Qualified Opinion (cont'd)**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Emphasis of Matter - Comparative Figures**

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2018 has been restated. The financial statements for the year ended March 31, 2018 (prior to the adjustments that were applied to restate certain comparative information explained in Note 2) were audited by another auditor who expressed an unmodified opinion on those financial statements on December 4, 2019. Our opinion is not modified in respect of this matter.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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## Independent Auditor's Report (cont'd)

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### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario

June 30, 2021

## Fort Severn First Nation Consolidated Statement of Financial Position

March 31	2019	2018 As Restated (Note 2)
<b>Financial assets</b>		
Cash (Note 3)	\$ 1,108,053	\$ 1,182,529
Accounts receivable (Note 4)	1,665,710	1,670,809
Due from government (Note 5)	4,440,328	3,193,151
Trust funds held by federal government (Note 6)	11,602	11,339
Portfolio investments (Note 7)	847,246	500
	<u>8,072,939</u>	<u>6,058,328</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	2,952,379	4,118,140
Due to government organizations (Note 9)	287,804	358,880
Deferred revenue (Note 10)	1,505,070	1,267,078
Long term debt (Note 11)	2,147,277	2,311,851
	<u>6,892,530</u>	<u>8,055,949</u>
<b>Net assets (debt)</b>	<u>1,180,409</u>	<u>(1,997,621)</u>
<b>Non-financial assets</b>		
Prepaid expenses	1,000	74,284
Tangible capital assets (Note 12)	20,771,660	20,809,213
Fuel inventory	1,200,000	1,179,451
	<u>21,972,660</u>	<u>22,062,948</u>
<b>Accumulated surplus (Note 13)</b>	<u>\$ 23,153,069</u>	<u>\$ 20,065,327</u>

On behalf of the Band:

 \_\_\_\_\_ Chief

 \_\_\_\_\_ Councillor

## Fort Severn First Nation Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2019	2018 As Restated (Note 2)
<b>Revenue</b>		
Federal government transfers (Note 19)	\$ 9,237,841	\$ 11,027,648
Provincial government transfers (Note 19)	1,774,555	1,120,575
Ontario First Nation Limited Partnership	1,441,555	1,133,673
Miscellaneous	5,387,223	4,299,863
Rent	202,593	163,783
Investment income	2,701	1,019
	<b>18,046,468</b>	<b>17,746,561</b>
<b>Expenses</b>		
Administration	3,160,673	1,342,319
Social services	972,089	990,575
Health services	2,569,486	2,430,114
Education	2,567,885	1,955,274
Economic development	3,849,665	3,228,933
Capital and operations and maintenance programs	1,276,389	3,006,494
Community support	309,764	274,073
Housing authority	252,775	848,758
	<b>14,958,726</b>	<b>14,076,540</b>
<b>Annual surplus</b>	<b>3,087,742</b>	<b>3,670,021</b>
<b>Accumulated surplus, beginning of year</b>	<b>20,065,327</b>	<b>16,395,306</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 23,153,069</b>	<b>\$ 20,065,327</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Fort Severn First Nation Consolidated Statement of Changes in Net Assets (Debt)

For the year ended March 31	2019	2018 As Restated (Note 2)
Annual surplus	\$ 3,087,742	\$ 3,670,021
Acquisition of tangible capital assets	(2,025,390)	(4,396,772)
Amortization of tangible capital assets	2,062,943	1,250,627
Change in fuel inventory	(20,549)	(303,976)
Prepaid expenses	73,284	(58,216)
Net change in net financial assets (debt)	3,178,030	161,684
Net debt, beginning of year	(1,997,621)	(2,159,305)
Net assets (debt), end of year	\$ 1,180,409	\$ (1,997,621)

The accompanying notes are an integral part of these consolidated financial statements.



## Fort Severn First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2019	2018 As Restated (Note 2)
<b>Cash flows from operating activities</b>		
Annual surplus	\$ 3,087,742	\$ 3,670,021
Items not involving cash:		
Amortization	2,062,943	1,250,627
Exchange Income Corporation non-cash receipt of investment	(846,746)	-
	<u>4,303,939</u>	<u>4,920,648</u>
Increase (decrease) in non-cash working capital items:		
Accounts receivable	5,099	81,146
Due from government	(1,247,177)	(1,439,791)
Fuel inventory	(20,549)	(303,976)
Prepaid expenses	73,284	(58,216)
Accounts payable and accrued liabilities	(1,165,761)	824,216
Due to government	(71,076)	207,459
Deferred revenue	237,992	422,185
	<u>2,115,751</u>	<u>4,653,671</u>
<b>Cash used in financing activities</b>		
Repayment of long term debt	(164,574)	(167,766)
<b>Cash used in capital activities</b>		
Purchase of tangible capital assets	(2,025,390)	(4,396,772)
<b>Cash used in investment activities</b>		
Increase in trust assets	(263)	(236)
<b>Net increase (decrease) in cash during the year</b>	<u>(74,476)</u>	<u>88,897</u>
Cash, beginning of year	1,182,529	1,093,632
<b>Cash, end of year</b>	<u>\$ 1,108,053</u>	<u>\$ 1,182,529</u>

The accompanying notes are an integral part of these consolidated financial statements.

## Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2019

### 1. Significant Accounting Policies

<b>Basis of Accounting</b>	These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.
<b>Reporting Entity</b>	The Fort Severn First Nation reporting entity includes the Fort Severn First Nation government and all related entities that are controlled by the First Nation.
<b>Basis of Consolidation</b>	<p>All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation. Organizations consolidated in Fort Severn First Nation's financial statements include:</p> <ul style="list-style-type: none"> <li>• Washaho Socio Economic Development Department</li> </ul>
<b>Portfolio Investments</b>	Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.
<b>Cash and Cash Equivalents</b>	Cash and cash equivalents consist of cash on hand, bank balances and term deposits having a maturity of three months or less, and bank overdrafts.

## Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2019

### 1. Significant Accounting Policies (cont'd)

#### **Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Amortization is provided for on a declining balance basis as follows:

Automotive and heavy equipment	- 30%
Infrastructure	- 30%
Housing	- 5%
Buildings	- 5%
Tank farm	- 5%
Computer equipment	- 30%
Office and general equipment	- 20%

Tangible capital assets are written down when conditions indicate that they no longer contribute to Fort Severn First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value.

The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

Assets under construction are not amortized until the asset is available to be put into service.

#### **Fuel Inventory**

Inventory is recorded at the lower of cost and net realizable value

#### **Revenue Recognition**

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

## Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2019

### 1. Significant Accounting Policies (cont'd)

#### Revenue Recognition (cont'd)

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

#### Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. The principal estimates used in the preparation of these financial statements are the useful lives of tangible capital assets, deferred revenue, amounts due to government and other government organizations and accounts payable and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

#### Contaminated Sites

A liability for contaminated sites is recognized on properties not in productive use when all of the following criteria have been met:

- a) an environmental standard exists;
- b) contamination exceeds the environmental standard;
- c) the First Nation is directly responsible or accepts responsibility;
- d) it is expected that future economic benefits will be given up; and
- e) a reasonable estimate of the amount can be made.

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## Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2019

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### 2. Prior Period Adjustment

#### Consolidation

A prior period adjustment was made to consolidate Washaho Socio-Economic Development Department into the financial statements. This adjustment resulted in understatements of cash of \$75,617, accounts payable and accrued liabilities of \$79, portfolio investments of \$119,057, Economic Development expenses of \$54,828, other revenues of \$54,828 and accumulated surplus, beginning of the year of \$194,596.

#### Portfolio Investments

A prior period adjustment was made to impair the First Nation's investment in Wasaya Group Inc. The error resulted in an overstatement of portfolio investments of \$219,000 and understatement of accumulated surplus, beginning of the year of \$219,000.

#### Incomplete Projects

A prior period adjustment was made to correct errors found in incomplete projects. These errors resulted in overstatements in incomplete projects of \$1,027,475, due from governments of \$46,788, Community infrastructure expenses of \$2,500,000, Federal transfers of \$281,800 and understatements in accumulated surplus, beginning of the year \$743,186, tangible capital assets of \$2,262,499, and deferred revenue of \$281,800.

#### Tangible Capital Assets

A prior period adjustment was made to correct errors found in Tangible capital assets. These errors resulted in overstatement of tangible capital assets of \$989,358, accumulated surplus, beginning of the year of \$1,009,353 and Band Governance expenses of \$19,995.

#### CMHC Replacement Reserves

A prior period adjustment was made to correct the presentation of CMHC replacement reserves from a liability to a portion of accumulated surplus. This presentation error resulted in the overstatement of liabilities of \$180,438 and an understatement of accumulated surplus, beginning of the year of \$158,458 and accumulated surplus, end of the year of \$180,438.

#### Accounts Payable and Accrued Liabilities

A prior period adjustment was made to correct errors found in accounts payable and accrued liabilities. These errors resulted in overstatement of accounts payable and accrued liabilities of \$157,411, and an understatement of accumulated surplus, beginning of the year of \$157,411.

## Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2019

### 2. Prior Period Adjustment (cont'd)

The prior period figures have been retroactively adjusted as follows:

	Previously Reported	Adjustment	As Restated
Cash	\$ 1,106,912	\$ 75,617	\$ 1,182,529
Portfolio investments	100,443	(99,943)	500
Due from governments	3,239,939	(46,788)	3,193,151
Accounts payable and accrued liabilities	4,275,472	(157,332)	4,118,140
Deferred revenue	985,278	281,800	1,267,078
Incomplete projects	1,027,475	(1,027,475)	-
Replacement reserve liability	180,438	(180,438)	-
Tangible capital assets	19,536,072	1,273,141	20,809,213
Federal transfers	11,309,448	(281,800)	11,027,648
Other revenue	4,245,035	54,828	4,299,863
Administration expenses	1,362,314	(19,995)	1,342,319
Housing authority expenses	3,348,758	(2,500,000)	848,758
Economic development expenses	3,174,105	54,828	3,228,933
Accumulated surplus, beginning of year	16,370,008	25,298	16,395,306
Accumulated surplus, end of year	17,779,855	2,285,473	20,065,328

### 3. Cash

	2019	2018
Administration	\$ 173,493	\$ 182,790
CMHC - Operating	36,035	20,432
CMHC - Operating and Replacement Reserve	27,578	18,817
Capital Projects	50,475	50,475
Health Authority	391,686	525,549
Ontario First Nation Limited Partnership	2,797	94,783
Social Services	68,183	26,046
Treaty Land Entitlement	32,658	160,179
Washaho Education Authority	(12,291)	27,841
Washaho Socio Economic Development	337,439	75,617
	\$ 1,108,053	\$ 1,182,529

## Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2019

### 3. Cash (cont'd)

Included in the total cash balance are externally restricted and unrestricted balances as follows:

	2019	2018
CMHC replacement reserve	\$ 27,578	\$ 18,817
Unrestricted	1,080,475	1,163,712
	<u>\$ 1,108,053</u>	<u>\$ 1,182,529</u>

### 4. Accounts Receivable

	2019	2018
Due from members:		
Band members	\$ 1,327,442	\$ 1,348,984
Less allowance for doubtful accounts	(1,255,691)	(1,255,691)
	<u>71,751</u>	<u>93,293</u>
General receivables	<u>1,593,959</u>	<u>1,577,516</u>
	<u>\$ 1,665,710</u>	<u>\$ 1,670,809</u>

## Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2019

### 5. Due from Government

	2019	2018
Federal government		
Indigenous Services Canada	\$ 3,448,029	\$ 2,592,788
Health Canada	309,373	80,366
Canada Mortgage and Housing Corporation	16,733	58,731
Receiver General	355,635	305,963
Provincial government		
Ministry of Energy, Northern Development and Mines	310,558	100,003
Ministry of Health and Long-Term Care	-	55,300
	<u>4,440,328</u>	<u>3,193,151</u>
Less: allowance for doubtful accounts	-	-
	<u>\$ 4,440,328</u>	<u>\$ 3,193,151</u>

### 6. Trust Funds Held by Federal Government

	March 31, 2018	Additions 2019	Withdrawals 2019	March 31, 2019
Revenue	\$ 11,005	\$ 263	\$ -	\$ 11,268
Capital	334	-	-	334
	<u>\$ 11,339</u>	<u>\$ 263</u>	<u>\$ -</u>	<u>\$ 11,602</u>

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.



## Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2019

### 7. Portfolio Investments

	2019	2018
Crescent Point Energy Corp. (47 common shares, market value \$200)	\$ 500	\$ 500
Exchange Income Corporation (32,519 common shares, market value \$940,329)	846,746	-
Wasaya Group Inc.	219,000	219,000
Less: Impairment in Wasaya Group Inc.	(219,000)	(219,000)
	<u>\$ 847,246</u>	<u>\$ 500</u>

In April of 2018, 49% of the Wasaya Group was acquired by Exchange Income Corporation (EIC). As part of the purchase agreement each ownership community was issued EIC 32,519 common shares.

### 8. Accounts Payable and Accrued Liabilities

	2019	2018
Trade payables and other accrued liabilities	\$ 2,964,811	\$ 4,108,559
Accrued wages and benefits payable (recoverable)	(12,432)	9,581
	<u>\$ 2,952,379</u>	<u>\$ 4,118,140</u>

### 9. Due to Government

	2019	2018
Federal government		
Indigenous Services Canada	\$ 113,854	\$ 151,354
Health Canada	173,950	207,526
	<u>\$ 287,804</u>	<u>\$ 358,880</u>

### 10. Deferred Revenue

	2019	2018
Health Canada	\$ 168,312	\$ 123,601
Indigenous Services Canada	887,288	520,732
Other	449,470	622,745
	<u>\$ 1,505,070</u>	<u>\$ 1,267,078</u>

## Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2019

### 11. Long Term Debt

	2019	2018
<b>Canada Mortgage and Housing Corporation</b>		
Housing Loan #1, repayable at \$3,935 monthly including interest at 2.39%, maturing November 1, 2027.	\$ 370,197	\$ 407,386
Housing Loan #2, repayable at \$3,686 monthly including interest at 2.50%, maturing June 1, 2028.	365,907	400,202
Housing Loan #3, repayable at \$2,934 monthly including interest at 1.83%, maturing November 1, 2029.	341,522	369,695
Housing Loan #4, repayable at \$2,324 monthly including interest at 1.48%, maturing November 1, 2036.	433,913	454,687
Housing Loan #5, repayable at \$2,477 monthly including interest at 1.12%, maturing February 1, 2040.	554,605	577,466
Housing Loan #6, repayable at \$1,970 monthly including interest at 2.51%, maturing October 1, 2022.	81,133	102,415
	<u>2,147,277</u>	<u>2,311,851</u>
Less current portion	(171,000)	(164,575)
	<u>\$ 1,976,277</u>	<u>\$ 2,147,276</u>

Anticipated annual principal payments due in the next five years and thereafter are as follows:

Year	Amount
2020	\$ 171,000
2021	174,000
2022	178,000
2023	172,000
2024	161,000
Thereafter	<u>1,291,277</u>
	<u>\$ 2,147,277</u>

**Fort Severn First Nation**  
**Notes to Consolidated Financial Statements**

For the year ended March 31, 2019

**12. Tangible Capital Assets**

	Cost			Accumulated Amortization				2019		2018	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Adjustments	Closing Balance	Net Book Value	Net Book Value	Value
Automotive	\$ 2,464,561	\$ 125,500	\$ -	\$ 2,590,061	\$ 2,155,115	\$ 111,659	\$ -	\$ 2,266,774	\$ 323,287	\$ 309,446	\$ 309,446
Infrastructure	13,247,182	-	-	13,247,182	7,707,270	1,211,393	-	8,918,663	4,328,519	5,539,912	5,539,912
Housing	9,772,821	-	-	9,772,821	4,634,956	256,894	-	4,891,850	4,880,971	5,137,865	5,137,865
Heavy equipment	3,024,335	-	-	3,024,335	2,616,275	122,418	-	2,738,693	285,642	408,060	408,060
Tank farm	895,364	-	-	895,364	268,308	31,353	-	299,661	595,703	627,056	627,056
Computer equipment	283,688	-	-	283,688	280,814	862	-	281,676	2,012	2,874	2,874
Office and other equipment	191,677	-	-	191,677	176,415	3,052	-	179,467	12,210	15,262	15,262
Community buildings	13,912,738	-	-	13,912,738	7,406,499	325,312	-	7,731,811	6,180,927	6,506,239	6,506,239
Construction in progress	2,262,499	1,899,890	-	4,162,389	-	-	-	-	4,162,389	2,262,499	2,262,499
	\$ 46,054,865	\$ 2,025,390	\$ -	\$ 48,080,255	\$ 25,245,652	\$ 2,062,943	\$ -	\$ 27,308,595	\$20,771,660	\$ 20,809,213	\$ 20,809,213

## Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2019

### 13. Accumulated Surplus

	2019	2018
<b>Unrestricted</b>		
General surplus	\$ 5,361,905	\$ 2,860,787
<b>Internally restricted</b>		
Capital (Note 14)	16,152,310	16,189,863
Ontario First Nation Limited Partnership (Note 15)	1,431,821	822,900
Trust (Note 6)	11,339	11,339
<b>Externally restricted</b>		
Replacement Reserve - CMHC (Note 16)	195,694	180,438
<b>Accumulated surplus</b>	<b>\$ 23,153,069</b>	<b>\$ 20,065,327</b>

### 14. Capital Reserve

	2019	2018
Balance, beginning of year	\$ 16,189,863	\$ 14,700,391
<b>Increased by:</b>		
Additions to capital assets	2,025,390	2,740,099
<b>Decreased by:</b>		
Amortization of tangible capital assets	(2,062,943)	(1,250,627)
<b>Balance, end of year</b>	<b>\$ 16,152,310</b>	<b>\$ 16,189,863</b>

### 15. Ontario First Nation Limited Partnership Reserve

	2019	2018
Balance, beginning of year	\$ 822,900	\$ 822,900
<b>Increased by:</b>		
OFNLP distributions	1,441,555	1,133,673
<b>Decreased by:</b>		
Expenses	(832,634)	(1,133,673)
<b>Balance, end of year</b>	<b>\$ 1,431,821</b>	<b>\$ 822,900</b>

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## Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2019

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### 16. Replacement Reserve

Under the terms of agreements with Canada Mortgage and Housing Corporation, the Rental Housing Replacement Reserve account is to be credited in the amounts of \$4,000, \$4,400, \$4,400, \$8,000, \$3,000, \$4,080 and \$2,100 annually until it accumulates to the maximum stated in the agreements plus interest. These funds, along with accumulated interest, must be held in separate bank accounts and may only be used as approved by Canada Mortgage and Housing Corporation. As at March 31, 2019 included in the restricted fund balance is cash and deposits held in a separate bank account for the replacement reserve of \$27,578 (2018 - \$18,817) and an actual reserve balance of \$195,694 (2018 - \$180,438).

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### 17. Comparative Figures

Certain of the comparative figures presented in the accompanying consolidated financial statements have been reclassified to conform with the current year's presentation.

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### 18. Pension Plan

The First Nation has a defined contribution plan for eligible employees. The First Nation matches employee contributions of 3% of the employee's salary. As a defined contribution plan, the First Nation has no further liability or obligation for future contributions to fund future benefits to plan members. The First Nation contributed \$144,308 during the year (2018 - \$147,365).

## Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2019

### 19. Government Transfers

	Operating	Capital	2019 Total	Operating	Capital	2018 Total
<b>Federal</b>						
Indigenous Services Canada	\$ 5,913,556	\$ 281,800	\$ 6,195,356	\$ 5,577,423	\$ 2,500,000	\$ 8,077,423
Canada Mortgage and Housing Corporation	407,419	-	407,419	499,586	-	499,586
Health Canada	2,635,066	-	2,635,066	2,450,639	-	2,450,639
	<u>8,956,041</u>	<u>281,800</u>	<u>9,237,841</u>	<u>8,527,648</u>	<u>2,500,000</u>	<u>11,027,648</u>
<b>Provincial</b>						
Ministry of Children, Community and Social Services	527,873	-	527,873	560,890	-	560,890
Ministry of Health and Long- Term Care	438,591	-	438,591	-	-	-
Ministry of Education	80,000	-	80,000	-	-	-
Ministry of Indigenous Relations and Reconciliation	373,464	-	373,464	200,592	-	200,592
Ministry of Natural Resources and Forestry	-	-	-	4,466	-	4,466
Ministry of Energy, Northern Development and Mines	354,627	-	354,627	354,627	-	354,627
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,774,555</u>	<u>-</u>	<u>1,774,555</u>	<u>1,120,575</u>	<u>-</u>	<u>1,120,575</u>
	<u>\$10,730,596</u>	<u>\$ 281,800</u>	<u>\$ 11,012,396</u>	<u>\$ 9,648,223</u>	<u>\$ 2,500,000</u>	<u>\$12,148,223</u>

### 20. Subsequent Event - COVID-19

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy has increased significantly. This has resulted in worldwide emergency measures to combat the spread of the virus. Management is actively monitoring the effect on its financial condition, liquidity, operations, suppliers, industry, and workforce. Due to Covid-19, the First Nation has had to limit its service offerings, however, additional funding has been received for wages and health and safety costs. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the First Nation is not able to fully estimate the effects of the COVID-19 outbreak on its operating results, financial condition, or liquidity at this time. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time.

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## Fort Severn First Nation Notes to Consolidated Financial Statements

March 31, 2019

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### 21. Segmented Information

Fort Severn First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. The services are provided by several entities of Fort Severn First Nation. The activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed.

#### **Band Administration**

Administration contains activities that are needed to run the Fort Severn First Nation organization.

#### **Social Services**

Social Services contains activities that provide financial support or support by other means to band members that are aimed at developing both the individual as well as the community.

#### **Health Services**

Health Services contains activities that provide medical services to band members

#### **Education**

Education Services contains activities that provide education to band members for primary, secondary schooling and sponsorship to attend post secondary institutions.

#### **Community Support**

Community support contains activities including delivering community support programs.

#### **Capital and Operations and Maintenance Programs**

Capital and Operations and Maintenance Programs contains activities in delivering capital and community service programs

#### **Housing Authority**

Housing contains all the activities that provide operation and maintenance of the housing assets.

#### **Economic Development**

Economic Development contains all the activities that provide maintenance to the community and its infrastructure including road maintenance, sewer and water, community buildings and public utilities, as well as other economic activities and programs.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in Note 1. The segment results for the period are as follows:

# Fort Severn First Nation

## Notes to Consolidated Financial Statements

March 31, 2019

### 21. Segmented Information (cont'd)

For the year ended March 31	Band Administration	Social Services	Health	Education	Community Support	Capital & OM	Housing Authority	Economic Development	2019 Total
<b>Revenue</b>									
Federal government transfers	\$ 1,196,690	\$ 195,693	\$ 2,635,066	\$ 2,303,518	\$ -	\$ 1,445,305	\$ 701,219	\$ 760,350	\$ 9,237,841
Provincial government transfers	-	583,911	462,553	14,718	258,146	-	-	455,227	1,774,555
Ontario First Nations Limited Partnership	529,208	14,995	-	-	-	319,774	496,142	81,436	1,441,555
Miscellaneous	521,414	155,654	183,618	522,143	52,200	104,346	15,750	3,832,098	5,387,223
Rental	29,200	-	-	5,400	-	44,009	123,984	-	202,593
Investment income	2,701	-	-	-	-	-	-	-	2,701
	<u>2,279,213</u>	<u>950,253</u>	<u>3,281,237</u>	<u>2,845,779</u>	<u>310,346</u>	<u>1,913,434</u>	<u>1,337,095</u>	<u>5,129,111</u>	<u>18,046,468</u>
<b>Expenses</b>									
Administration (recovery)	(252,864)	12,450	207,952	4,250	-	143,661	-	(115,449)	-
Advertising	-	-	6,800	715	-	-	-	-	7,515
Amortization	2,062,942	-	-	-	-	-	-	-	2,062,942
Bad debt (recovery)	(56,798)	(872)	-	(900)	(2,850)	(10,999)	(25,000)	(78,571)	(175,990)
Bank charges and interest	14,477	1,906	5,324	12,554	-	-	-	41,716	75,977
Community events	-	1,404	-	1,675	1,729	2,701	-	-	7,509
Contracts and consulting	67,500	28,184	177,064	50,830	154,637	15,879	-	465,097	959,191
Donations	2,194	9,251	-	-	-	5,426	-	-	16,871
Dues, fees & licenses	14,234	1,000	-	-	-	-	-	-	15,234
Freight	12,679	6,027	15,178	21,485	3,927	8,731	451	200,463	268,941
Fuel and oil	23,766	12,314	103,501	169,579	1,450	40,439	859	1,617,393	1,969,301
Honoraria	287,619	83,833	120,200	129,597	19,165	750	3,900	73,306	718,370
Insurance	5,763	500	1,325	52,496	-	11,473	49,330	64,496	185,383
Interest on long term debt	-	-	-	-	-	-	39,520	-	39,520
Materials & supplies	32,952	18,977	225,772	183,519	44,906	158,680	74,617	120,117	859,540
Miscellaneous (recovery)	(19,796)	1,358	5,637	2,291	103	303	-	5,345	(4,759)
Office	40,542	10,578	18,439	80,384	4,687	2,219	336	12,925	170,110
Professional fees	155,287	-	32,144	-	-	-	8,000	109,000	304,431
Program fees	4,108	508,009	85,727	51,108	3,834	124,085	5,389	37,571	819,831
Rent	4,600	5,650	86,150	8,596	600	4,350	-	265,200	375,146
Repairs and maintenance (recovery)	2,554	1,843	29,691	(157)	-	4,367	-	76,420	114,718
Telephone and utilities	35,992	98	93,954	396,543	-	435,264	-	47,151	1,009,002
Training	-	-	326	400	-	-	-	72,000	73,911
Travel	161,157	69,691	151,637	81,931	37,921	6,193	5,972	131,594	646,096
Wages and benefits	560,580	199,888	1,202,665	1,265,270	39,655	322,867	89,401	703,891	4,384,217
Transfer to tangible capital assets	-	-	-	55,719	-	-	-	-	55,719
	<u>3,160,673</u>	<u>972,089</u>	<u>2,569,486</u>	<u>2,567,885</u>	<u>309,764</u>	<u>1,276,389</u>	<u>252,775</u>	<u>3,849,665</u>	<u>14,958,726</u>
Surplus (deficit) for the year	\$ (881,460)	\$ (21,836)	\$ 711,751	\$ 277,894	\$ 582	\$ 637,045	\$ 1,084,320	\$ 1,279,446	\$ 3,087,742



# Fort Severn First Nation

## Notes to Consolidated Financial Statements

March 31, 2018

### 21. Segmented Information (cont'd)

For the year ended March 31	Administration	Band	Social Services	Health	Education	Community Support	Capital & OM	Housing Authority	Economic Development	2018 Total
<b>Revenue</b>										
Federal government transfers	\$	988,298	\$ 93,838	\$ 2,463,510	\$ 1,791,942	\$ -	\$ 2,213,009	\$ 2,789,286	\$ 687,765	\$ 11,027,648
Provincial government transfers	4,466	-	592,720	55,300	-	-	-	-	468,089	1,120,575
Ontario First Nations Limited Partnership	253,877	-	-	30,362	-	130,074	413,396	305,964	-	1,133,673
Miscellaneous	505,696	359,750	-	110,116	475,962	115,114	399,145	3,249	2,330,831	4,299,863
Rental	9,178	-	-	-	-	-	29,250	125,355	-	163,783
Investment Income	1,019	-	-	-	-	-	-	-	-	1,019
	<b>1,762,534</b>		<b>1,046,308</b>	<b>2,659,288</b>	<b>2,267,904</b>	<b>245,188</b>	<b>3,054,800</b>	<b>3,223,854</b>	<b>3,486,685</b>	<b>17,746,561</b>
<b>Expenses</b>										
Administration	-	-	6,262	4,800	4,190	-	1,593	20,460	16,217	53,522
Advertising	-	-	-	-	1,511	-	-	-	-	1,511
Amortization (recovery)	(19,995)	-	-	-	-	-	-	-	-	(19,995)
Bad debt expense	246,916	-	-	-	-	-	-	-	-	246,916
Bank charges and interest	37,376	-	1,694	1,605	2,340	-	62	46	-	43,123
Community events	38,844	-	-	-	-	19,321	-	-	-	58,165
Contracts and consulting	36,520	-	7,252	175,826	12,000	43,200	113,050	132,666	595,972	1,116,486
Donations	10,977	-	-	-	-	4,124	-	-	-	15,101
Freight	21,810	-	12,960	41,240	26,553	2,580	158,229	43,913	380,033	687,318
Fuel and oil	26,148	-	12,640	76,675	25,974	8,652	351,464	2,073	980,782	1,484,408
Honoraria	288,118	-	42,748	133,970	86,231	1,000	-	2,928	51,584	606,579
Insurance	14,270	-	500	2,825	-	-	47,373	48,495	14,482	127,945
Interest on long term debt	-	-	-	-	-	-	-	36,371	-	36,371
Materials & supplies	17,845	-	27,247	412,939	153,705	72,828	846,456	192,138	150,975	1,874,133
Miscellaneous (recovery)	(38,440)	-	2,000	-	48,139	-	(936)	(9,182)	1,141	2,722
Office	18,529	-	6,287	9,812	78,052	-	1,345	4,229	12,900	131,154
Professional fees	96,114	-	-	49,858	77,865	17,500	12,646	21,450	109,858	385,291
Program fees	1,307	-	578,498	55,449	44,887	7,382	83,795	12,095	58,047	841,460
Rent	2,475	-	40,310	53,200	2,350	1,200	4,363	3,649	6,364	113,911
Repairs and maintenance	-	-	-	16,290	-	-	1,103	-	-	17,393
Replacement reserves	-	-	-	-	-	-	-	21,980	-	21,980
Telephone and utilities	56,660	-	-	122,498	52,012	-	691,441	-	5,620	928,231
Training	990	-	4,634	15,610	18,222	-	-	-	990	40,446
Travel	65,326	-	22,551	239,260	164,287	95,673	29,780	26,881	116,413	760,171
Wages and benefits	420,529	-	224,992	1,018,257	1,156,956	613	664,730	288,566	727,555	4,502,198
	<b>1,342,319</b>		<b>990,575</b>	<b>2,430,114</b>	<b>1,955,274</b>	<b>274,073</b>	<b>3,006,494</b>	<b>848,758</b>	<b>3,228,933</b>	<b>14,076,540</b>
Surplus (deficit) for the year	\$ 420,215	\$ -	\$ 55,733	\$ 229,174	\$ 312,630	\$ (28,885)	\$ 48,306	\$ 2,375,096	\$ 257,752	\$ 3,670,021